

Message Text

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ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 EURE-00 INRE-00 SSO-00 NSCE-00
USIE-00 SP-02 AID-05 EB-08 NSC-05 SS-15 STR-04 OMB-01
CEA-01 CIAE-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06
LAB-04 SIL-01 L-03 H-02 PA-02 PRS-01 FEAE-00 INT-05
/099 W

-----141900Z 027291 /42

O R 141835Z MAR 77 ZFF 4
FM AMEMBASSY LONDON
TO SECSTATE WASHDC IMMEDIATE 1539
TREASURY DEPT WASHDC IMMEDIATE
INFO AMEMBASSY BONN
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION EC BRUSSELS
USMISSION OECD PARIS
USDOC WASHDC

UNCLAS SECTION 01 OF 03 LONDON 04228

DEPARTMENT PASS FEDERAL RESERVE BOARD

E.O. 11652: N/A
TAGS: EFIN, UK
SUBJECT: UK TRADE AND CURRENT ACCOUNT IN FEBRUARY 1977

SUMMARY: FOREIGN TRADE STATISTICS, RELEASED TODAY,
SHOWED A MARKED FALL IN THE U.K.'S VISIBLE TRADE DEFICIT
TO 189 MILLION POUNDS IN FEBRUARY, FROM A REVISED LEVEL
OF 532 MILLION POUNDS IN JANUARY. THIS FALL BROUGHT THE
ESTIMATED CURRENT ACCOUNT INTO A 3L MILLION POUND SURPLUS.
A SHARP 380 MILLION POUND DECLINE IN THE VALUE OF IMPORTS,
REPRESENTING A 12.9 PERCENT FALL IN VOLUME, WAS RESPON-
SIBLE FOR THE IMPROVEMENT IN FEBRUARY'S VISIBLE TRADE BAL
ANCE. THE DECLINE IN IMPORTS WAS NOT CONCENTRATED IN ANY
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PARTICULAR SECTOR. THE DEPARTMENT OF TRADE ATTRIBUTED
THE RECENT FLUCTUATIONS IN IMPORTS TO DIFFICULTIES IN
SEASONAL ADJUSTMENT PROCEDURES. EXPORTS FELL AS WELL, THE
40 MILLION POUND DECLINE IN VALUE REFLECTING A 1.8
PERCENT REDUCTION IN VOLUME BETWEEN JANUARY AND FEBRUARY.
A DECLINE OF 9.5 PERCENT IN THE EXPORT VOLUME OF ROAD
MOTOR VEHICLES AND OTHER TRANSPORT EQUIPMENT WAS PARTICU-

LARLY SEVERE. SERVICES ARE ESTIMATED ON A QUARTERLY BASIS, AND THIS ESTIMATE IS CURRENTLY PUT AT 220 MILLION POUNDS A MONTH FOR THE FIRST QUARTER OF 1977.

AN ALTERATION IN ACCOUNTING PROCEDURES WILL INCREASE IMPORTS AND EXPORTS SIGNIFICANTLY, BUT IN EQUAL AMOUNTS. THE REVISED SERIES WILL THUS NOT AFFECT ANY BALANCES. END SUMMARY.

1.	CURRENT	VISIBLE	TNVISIBLE
	BALANCE	BALANCE:	BALANCE:
	TRADE IN GOODS SERVICES		
	AND OTHER		
	CURRENT		
	(C)	(C)	TRANSACTIONS
	(POUNDS MILLION, SEASONALLY ADJUSTED)		
1975	-1635	-3195	1560
1976	-1423	-3592	2169
1976 1ST QU.	- 80	538	458
2ND QU.	. 439	- 919	480
3RD QU.	- 536	-1148	612
4TH QU.	- 368	987	619
1976 SEPT.	. 157	- 361	204 (B)
OCT.	. 112	318	206 (B)
NOV.	- 249	. 455	206 (B)
DEC.	7	- 214	207 (B)
1977 JAN.	312	- 532	220 (A)
FEB.	31	189	220 (A)

(A) THESE FIGURES ARE PROJECTIONS AND ARE SUBJECT TO REVISION AS INFORMATION BECOMES AVAILABLE.
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(B) ONE THIRD OF THE APPROPRIATE CALENDAR QUARTER'S ESTIMATE. MONTHLY FIGURES OF INVISIBLES ARE NOT AVAILABLE.

(C) THESE FIGURES HAVE BEEN REVISED.

2. VISIBLE TRADE ON B/P BASIS . SEASONALLY ADJ. VALUES

	POUNDS MILLION		
	EXPORTS	IMPORTS	VISIBLE
	(FOB)R	(FOB)R	BALANCE(R)
1976 1ST QU.	5611	6149	538
2ND QU.	6209	7128	- 919
3RD QU.	6400	7548	1148
4TH QU.	7074	8061	987
1976 SEPT.	2220	2581	- 361
OCT	2306	2624	. 318
NOV.	2320	2775	- 455
DEC.	2448	2662	- 214
1977 JAN.	2472	3004	532
FEB. (P)	2432	2621	. 189

(P) PROVISIONAL ESTIMATES

(R) REVISED ESTIMATES

3. INVISIBLES SEASONALLY ADJUSTED VALUES

POUNDS MILLIONS

CREDITS DEBITS INVISIBLE

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LAB-04 SIL-01 L-03 H-02 PA-02 PRS-01 FEAE-00 INT-05

/099 W

-----141900Z 027299 /43

O R 141835Z MAR 77 ZFF 4

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 1540

TREASURY DEPT WASHDC IMMEDIATE

INFO AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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BALANCE

1975	11090	9530	1560
1976	13597	11428	2169
1976 1ST QU.	3057	2599	458
2ND QU.	3247	2767	480
2RD QU.	3551	2939	612
4TH QU.	3742	3123	619
1977 JANUARY			220(A)
FEBRUARY			220(A)

(A) THESE FIGURES ARE PROJECTIONS AND ARE SUBJECT TO RE.

VISION AS THE RELEVANT STATISTICAL INFORMATION BE-

COMES AVAILABLE.

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4. EXPORT AND IMPORT UNIT VALUE AND VOLUME INDEX
NUMBERS ON A BALANCE OF PAYMENTS BASIS

INDICES 1970 EQUALS 100

UNIT VALUES VOLUME

(NOT SEASONALLY ADJUSTED) SEASONALLY ADJ.

EXPORTS IMPORTS TERMS IMPORTS(R)EXPORTS(R)
OF TRADE

1975	198.5	245.0	81.0	125.6	126.4
1976	240.6	299.4	80.4	135.9	134.2
1976 1ST QTR	219.0	268.3	81.6	131.5	126.1
2ND QTR	234.2	291.7	80.3	137.1	134.6
3RD QTR	247.4	307.3	80.5	134.2	137.9
4TH QTR	261.7	330.0	79.3	140.8	138.1
1976 SEPT.	251.7	311.8	80.7	137.3	140.4
OCT.	256.4	322.0	79.6	140.8	140.6
NOV.	261.8	332.7	78.7	138.1	140.1
DEC.	266.9	335.4	79.6	143.3	133.6
1977 JAN.	272.7	335.1	81.4	140.6	153.6
FEB.(P)	273.9	338.8	80.8	138.0	133.8

(P) PROVISIONAL ESTIMATES.

(R) REVISED ESTIMATES.

TRADE IN PETROLEUM AND PETROLEUM PRODUCTS

ON A BALANCE OF PAYMENTS BASIS

(SEASONALLY ADJUSTED)

BALANCE OF

VISIBLE

TRADE IMPORTS EXPORTS

POUNDS MILLION POUNDS MILLION POUNDS MIL.

F.O.B. F.O.B. F.O.B.

1975	-3,106	3,827	721
1976	.3,964	5.126	1.162
1975 1ST QU.	. 960	1.179	219
2ND QU.	- 957	1,219	262

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3RD QU.	1,043	1'355	312
4TH QU.	.1,004	1,373	369
1976 DEC.	- 331	455	124
1977 JAN.	357	501	144

FEB (P) - 204 354 150
(P) PROVISIONAL ESTIMATES

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INT-05 /099 W

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FM AMEMBASSY LONDON
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TREASURY DEPT WASHDC IMMEDIATE
INFO AMEMBASSY BONN
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6. REVISED BALANCE OF PAYMENTS ADJUSTMENTS. THE FIGURES FOR EXPORTS AND IMPORTS ON A BALANCE OF PAYMENTS BASIS HAVE BEEN REVISED AS A RESULT OF A CHANGE IN THE TREATMENT OF DUTIABLE GOODS IMPORTED FOR PROCESS OR REPAIR.

IN THE PAST IT HAS BEEN ASSUMED THAT WHEN SUCH GOODS ARE IMPORTED FOR PROCESS OR REPAIR AND FOR SUBSEQUENT REEXPORT NO CHANGE IN OWNERSHIP TAKES PLACE HENCE. AS PART OF THE COVERAGE ADJUSTMENTS TO PUT THE TRADE FIGURES ON TO A BALANCE OF PAYMENTS BASIS' ESTIMATES OF THE VALUES OF THESE GOODS HAVE BEEN SUBTRACTED, EQUALLY, FROM BOTH THE IMPORTS AND EXPORTS FIGURES IN THE OVERSEAS TRADE STATISTICS. A RECENT INVESTIGATION, HOWEVER, HAS

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SHOWN THAT IN ALMOST ALL CASES A CHANGE OF OWNERSHIP IS INVOLVED. CONSEQUENTLY, IT HAS BEEN DECIDED THAT DUTY-ABLE GOODS FOR PROCESS OR REPAIR SHOULD NOW BE INCLUDED IN THE BALANCE OF PAYMENT FIGURES. THE VALUES OF BOTH IMPORTS AND EXPORTS, ON A BALANCE OF PAYMENTS BASIS, HAVE, THEREFORE, BEEN INCREASED BY THE AMOUNTS HITHERTO SUBTRACTED (BY 806 MILLION POUNDS IN 1976). THE VISIBLE BALANCE IS UNAFFECTED BY THIS CHANGE.

THE EXPORT FIGURES FROM JANUARY 1976 ALSO NOW INCLUDE AN ALLOWANCE OF SOME 7 MILLION POUNDS A MONTH TO TAKE ACCOUNT OF A SMALL AMOUNT OF NET UNDER RECORDING, REVEALED BY THE REGULAR MONITORING OF THE FIGURES.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE DATA
Control Number: n/a
Copy: SINGLE
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LONDON04228
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770087-0403
Format: TEL
From: LONDON
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770363/aaaacdjm.tel
Line Count: 297
Litigation Code IDs:
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Litigation History:
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Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 30-Sep-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3119687
Secure: OPEN
Status: NATIVE
Subject: UK TRADE AND CURRENT ACCOUNT IN FEBRUARY 1977 SUMMARY: FOREIGN TRADE STATISTICS, RELEASED TODAY, SHOWED A MARKED FALL IN THE U.K.'S VISIBLE TRADE D
TAGS: EFIN, UK
To: STATE TRSY
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/dc587bb8-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009